

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re**

**LEHMAN BROTHERS HOLDINGS INC., et. al.,  
Debtors.**

x

:

**Chapter 11 Case No.**

:

**08-13555 (JMP)**

:

**(Jointly Administered)**

x

**AFFIDAVIT AND DISCLOSURE STATEMENT OF JULIAN S.H. CHUNG, ESQ.,  
ON BEHALF OF CADWALADER, WICKERSHAM & TAFT LLP**

STATE OF NEW YORK                    )  
  ) ss:  
COUNTY OF NEW YORK                )

Julian S.H. Chung, Esq., being duly sworn, upon her oath, deposes and says:

1. I am a partner at the law firm of Cadwalader, Wickersham & Taft LLP, located at One World Financial Center, New York, New York 10281 (the "Firm").

2. Lehman Brothers Holdings Inc. ("LBHI") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (together, the "Debtors" and, collectively with their non-affiliates, "Lehman"), have requested that the Firm provide legal services to certain of the Debtors, and the Firm has consented to provide such services.

3. The Firm has performed services in the past and may perform additional services in the future for entities that are parties in interest in the Debtors' chapter 11 cases, however, none of such services relate to the Certain Real Estate and Litigation Matters (as defined below). As part of its customary practice, the Firm is retained in cases, proceedings, and transactions involving many different parties, some of whom are now or will likely become directly adverse to Lehman Commercial Paper Inc. ("LCPI"), other Debtors, or other parties in interest in these chapter 11 cases. The Firm does not perform services for any such entity in connection with

these chapter 11 cases with respect to the Certain Real Estate and Litigation Matters described below. The contemplated Firm chapter 11 engagement would relate to assisting LCPI and other Lehman-debtor entities in connection with certain loans and litigation surrounding those loans (such services being referred to as the “Certain Real Estate and Litigation Matters”). For example, the Firm represents LCPI in its capacity as first lien administrative agent to a syndicate of lenders (which syndicate may also include LCPI in its capacity as a lender) in pursuing litigation with respect to bank debt of various borrowers, including, without limitation, the representation of LCPI as administrative agent and a lender<sup>1</sup> in connection with the first lien credit facility of LBREP/L-SunCal Master I, LLC, as borrower (“SunCal”) in connection with the chapter 11 cases of SunCal and certain of its subsidiaries. The Firm historically has represented, and continues to represent, various clients which have some connection to these chapter 11 cases. These clients, generally speaking, are investment funds and financial institutions which have some form of indebtedness owing to them from certain of the Debtors and/or some form of “derivatives-type” transaction that has not yet been resolved, and it is likely that they have, or will assert, claims in the Debtors’ chapter 11 cases in connection with such indebtedness or transactions. Please see Exhibit B to the Firm’s Retention Questionnaire, attached thereto, for a complete list of these clients and a description of the Firm’s representations as it relates to those clients. Such client involvements do not, in our opinion, represent interests adverse to the Debtors with respect to the matters on which the Firm is to be engaged, and accordingly, the Firm’s engagement should be consistent with section 327(e) of the Bankruptcy Code.

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<sup>1</sup> The Firm represents LCPI as a first lien lender as part of the loan syndicate. LCPI, as an individual first lien lender, is represented by Weil, Gotshal & Manges LLP.

4. Neither I, nor any principal of, or professional employed by the Firm has agreed to share or will share any portion of the compensation to be received from the Debtors with any other person other than the principals and regular employees of the Firm.

5. Neither I, nor any principal of, or professional employed by the Firm, insofar as I have been able to ascertain, holds or represents any interest adverse to the Debtors or their estates except as set forth on Exhibit B attached to the Questionnaire.

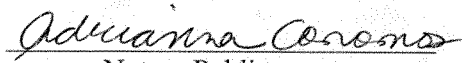
6. The Debtors owe the Firm \$10,748,566.48 for prepetition services.

7. The Firm is conducting further inquiries regarding its representation of any creditors of the Debtors, and upon conclusion of that inquiry, or at any time during the period of its employment, if the Firm should discover any facts bearing on the matters described herein, the Firm will supplement the information contained in this Affidavit.

By:



Subscribed and sworn to before me  
this 11 day of December, 2008

  
Notary Public

ADRIANNA CONOMOS  
Notary Public, State of New York  
No. ....41-4756378  
Qualified in Kings County  
Commission Expires 7/2/10

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**RETENTION QUESTIONNAIRE**

TO BE COMPLETED BY PROFESSIONALS EMPLOYED BY LEHMAN BROTHERS  
HOLDINGS INC. OR ANY OF ITS DEBTOR AFFILIATES (collectively, the "Debtors")  
DO NOT FILE THIS QUESTIONNAIRE WITH THE COURT.

RETURN IT FOR FILING BY THE DEBTORS, TO:

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, New York 10153  
Attn: Jennifer Sapp  
Christopher Stauble

All questions **must** be answered. Please use "none," "not applicable," or "N/A," as appropriate.  
If more space is needed, please complete on a separate page and attach.

1. Name and Address of firm:

Cadwalader, Wickersham & Taft LLP

One World Financial Center

New York, New York 10281

2. Date of retention: Retained on various dates for multiple matters

3. Types of services provided (accounting, legal, etc.):

Legal representation in connection with finance and real estate matters

4. Brief description of services to be provided:

Negotiation, drafting and reviewing loan and collateral documentation, including  
amendments, waivers and modifications; representation of Lehman Commercial  
Paper, Inc., as administrative agent for lender syndicates

5. Arrangements for compensation (hourly, contingent, etc.):

hourly

- (a) Average hourly rate (if applicable):

\$477.08

- (b) Estimated average monthly compensation based on prepetition retention  
(if firm was employed prepetition):

\$100,000

6. Prepetition claims against the Debtors held by the firm:

Amount of claim: \$ 10,748,566.48

Date claim arose: Various prepetition dates

Source of claim: Attorneys fees and expenses

7. Prepetition claims against the Debtors held individually by any member,  
associate, or professional employee of the firm:

Name: N/A

Status: \_\_\_\_\_

Amount of Claim: \$ \_\_\_\_\_

Date claim arose: \_\_\_\_\_

Source of claim: \_\_\_\_\_

- Julian S.H. Chung, Esq.

**EXHIBIT A**

**Although Cadwalader, Wickersham & Taft LLP does not regularly keep records of the investments of its lawyers, it polled its lawyers to be able to respond to this question.**

1. CWT Partners I LLC ("CWT Partners") is a limited partner in Lehman Merchant Banking Partners IV, LP ("LMBP"), a private equity fund sponsored by Lehman Brothers Holdings Inc. ("LBHI"). Several partners at Cadwalader, Wickersham & Taft LLP ("CWT") are members of CWT Partners, including Fredric Altschuler, Peter Bergmann, Louis Bevilacqua, Steven Cohen, Michael Gambro, Robert Link, Gregory Markel, Kevin O'Mara, Michael Ryan, Jordan Schwartz, Martin Seidel, Malcolm Wattman and John Zizzo.

An affiliate of LBHI controls the general partner of LMBP, and made a substantial capital commitment to LMBP. It is CWT's understanding that LBHI's interests in LMBP and the interests of certain of its affiliated entities in LMBP are being sold in a process that is expected to conclude by the end of December 2008. It is also CWT's understanding that at the conclusion of this process, neither LBHI nor any of its affiliated entities will have a relationship with LMBP.

2. Patrick Quinn, a CWT partner, owns a Lehman Brothers Inc. exchange traded note in the amount of \$50,164.

**Exhibit B**

Client	Brief Description of Representation
<p>Airlie CDO I. Airlie LCDO I (Aviv LCDO 2006-3) Airlie LCDO II (Pebble Creek 2007-1) Aviv LCDO 2006-1 Aviv LCDO 2006-2 Exum Ridge CBO 2006-1 Exum Ridge CBO 2006-2 Exum Ridge CBO 2006-4 Exum Ridge CBO 2006-5 Exum Ridge CBO 2007-1 Exum Ridge CBO 2007-2 Pebble Creek LCDO 2006-1 Pebble Creek LCDO 2007-2, LLC Pebble Creek LCDO 2007-3 SGS HY Credit Fund I (Exum Ridge CBO 2006-3) White Marlin CDO 2007-1 (collectively, the "Issuers")</p>	<p>Representation of the Issuers in connection with derivative contracts involving Lehman Brothers Special Financing Inc. ("LBSF") as a counterparty. The Issuers may have claims against LBSF. These matters are unrelated to the matters for which CWT is to be employed as an ordinary course professional.</p>
<p>Chilton New Era Partners, L.P.*</p>	<p>Representation of Chilton New Era Partners, L.P. ("Chilton") in connection with prime brokerage and margin lending agreements with Lehman Brothers Inc. ("LBI") and Lehman Brothers International (Europe) ("LBIE"). Chilton may have claims against LBI and LBIE. These matters are unrelated to the matters for which CWT is to be employed as an ordinary course professional.</p>
<p>Citibank, N.A. and affiliates*</p>	<p>Representation of Citibank, N.A. and its affiliates ("Citibank") in connection with the chapter 11 cases of Lehman Brothers Holdings Inc. ("LBHI") and its affiliated debtors. Citibank may have claims against LBHI and its affiliated debtors. This matter is unrelated to the matters for which CWT is to be employed as an ordinary course professional.</p>
<p>Credit Suisse and affiliates*</p>	<p>Representation of Credit Suisse and certain affiliates ("Credit Suisse") in connection with the termination of multiple trading contracts</p>



	with multiple Lehman debtors. Credit Suisse may have claims against multiple Lehman debtors. This matter is unrelated to the matters for which CWT is to be employed as an ordinary course professional.
Fortis Americas and affiliates*	Representation of Fortis Americas and certain affiliates ("Fortis") in connection with claims on debt issued by multiple Lehman debtors and in connection with the termination of multiple trading contracts with multiple Lehman debtors. Fortis may have claims against multiple Lehman debtors. These matters are unrelated to the matters for which CWT is to be employed as an ordinary course professional.
Lehman Brothers MLP Opportunity Fund L.P.* Lehman Brothers CDO Opportunity Fund L.P.*	Representation of Lehman Brothers MLP Opportunity Fund L.P. and Lehman Brothers CDO Opportunity Fund L.P. (collectively, the "Lehman Opportunity Funds") in connection with prime brokerage and margin lending agreements with LBI and LBIE. The Lehman Opportunity Funds may have claims against LBI and LBIE. These matters are unrelated to the matters for which CWT is to be employed as an ordinary course professional.
Morgan Stanley & Co. Incorporated and affiliates*	Representation of Morgan Stanley & Co. Incorporated and certain of its affiliates ("Morgan Stanley") in connection with derivative contracts and trading and loan agreements with LBI, LBIE, LBSF, Lehman Brothers Commercial Corporation ("LBCC"), Lehman Brothers Commodity Services Inc. ("LBCS"), Lehman Brothers Finance S.A. ("LBFS") and EF Hutton & Company Inc. (Lehman Brothers Inc.) ("EF Hutton"). Morgan Stanley may have claims against LBI, LBIE, LBSF, LBCC, LBCS, LBFS and EF Hutton. These matters are unrelated to the matters for which CWT is to be employed as an ordinary course professional.
WestLB AG*	Representation in connection with a contingent management agreement entered into with Lehman Brothers Financial Products, Inc.

	(“LBFP”), in relation to a derivative portfolio. WestLB may have claims against LBFP. This matter is unrelated to the matters for which CWT is to be employed as an ordinary course professional.
Whippoorwill Associates, Inc.	Representation of Whippoorwill Associates, Inc. ("Whippoorwill") in connection with certain trade confirmations entered into with Lehman Commercial Paper Inc. ("LCPI"). Whippoorwill may have claims against LCPI. This matter is unrelated to the matters for which CWT is to be employed as an ordinary course professional.

\* Cadwalader, Wickersham & Taft LLP (“CWT”)’s representation of these entities was previously disclosed in the Verified Statement of Cadwalader, Wickersham & Taft LLP Pursuant to Bankruptcy Rule 2019(a), filed October 7, 2008, and the First Amended Verified Statement of Cadwalader, Wickersham & Taft LLP Pursuant to Bankruptcy Rule 2019(a), filed October 30, 2008 (collectively, the “2019(a) Statements”). In addition, with respect to the 2019(a) Statements, please note that CWT no longer represents FXCM Holdings, LLC, LibertyView Credit Opportunities Fund, L.P., LibertyView Credit Select Fund, L.P., LibertyView Funds, L.P., LibertyView Global Risk Arbitrage Fund, L.P., or LibertyView Special Opportunities Fund, L.P. CWT will, as appropriate, continue to amend its 2019(a) Statements as and to the extent required during the course of these cases.